



**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE
OF THE PLANS MANAGEMENT BOARD
May 9, 2023**

A virtual meeting of the Audit and Governance Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on May 9, 2023, at 10:00 a.m. Committee members and members of the public were able to participate using the provided dial-in information.

Committee Members Represented or in Attendance:

Mr. Peter Kennedy, Committee Chair
Mr. John Macedo
The Honorable Colleen C. Davis, State Treasurer

Members Absent:

Mr. Timothy J. Snyder

Others in Attendance:

Mr. Jordan Seemans, Deputy State Treasurer
Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Mr. John Meyer, Director of Contributions and Plan Management, Office of the State Treasurer (“OST”)
Mr. Daniel Kimmel, Promotion and Outreach Program Manager, OST
Mrs. Deborah Bradl, Executive Assistant, Contributions and Plan Management, OST
Mr. Earle Allen, CAPTRUST
Ms. Lydia York, State Auditor, Office of Auditor of Accounts (“AOA”)
Mr. Robert Sisk, Deputy State Auditor, AOA
Mr. Connor Perry, Fiscal and Policy Analyst, AOA

CALLED TO ORDER

The meeting was called to order at 10:02 a.m.

APPROVAL OF MINUTES

A MOTION was made by Mr. Macedo and seconded by Mr. Kennedy to approve minutes from the Committee meeting on February 7, 2023, with revisions.

MOTION ADOPTED UNANIMOUSLY

DISCUSSION AND ACTION ITEMS

Introduction and Transition Update by Auditor of Accounts Lydia York

Ms. York introduced herself and Mr. Fisk. She reviewed accomplishments from her inaugural months in office and shared goals for the office moving forward. Ms. York discussed her goals of bringing stability to the office and ensuring compliance with codified mandates.

Discussion Regarding External Audit Firm Agreement

Ms. York reviewed the current audit firm contract with Barbacane Thornton. She stated that the current audit firm is under contract until September 2023 for the 2021 and 2022 plan year audits. Ms. York stated that it is the intent of AOA to issue a new RFP rather than exercise the contract extension option. Mr. Sisk mentioned a potential conflict of interest associated with using the external audit firm to compile the financial statements (being audited). Mr. Kennedy noted a history of delays associated with using compilation firms. Mr. Kennedy voiced support for including the compilation of financial statements as a nonattest service in the upcoming RFP and the desire of having Board representation in the RFP process.

Discussion Regarding Cyber Security Policy

Mr. Meyer updated the Committee regarding the governance manual cybersecurity policy. The draft has been shared with Committee members for review and comment. Mr. Macedo shared several suggestions for the inclusion of additional content, as well as concerns and areas of focus for the policy to address. OST will continue to work with Mr. Macedo on the draft policy and will reach out to Delaware Technology and Information to review their procedures regarding cybersecurity measures.

Update on SECURE Act 2.0

Mr. Meyer stated that OST had discussions with Ice Miller regarding the implementation of mandatory 2023 SECURE Act 2.0 changes. Ice Miller has proposed waiting for additional guidance regarding implementing changes. Mr. Meyer stated that OST has implemented one change regarding file delivery frequency change for the 457b plan, which now aligns with the 403b plan.

Legislative Updates

Mr. Seemans provided the legislative update to the Committee. HB 130 permits casual/seasonal state employees to be eligible to contribute to the 457(b) deferred compensation plan. SB 94 brings back the match plan as a twenty-dollar match per person per pay period. A special provision from SECURE 2.0 permits qualifying contributions to include the payment of student loans. Mr. Seemans also noted that an auto-enrollment bill is in draft format. Mr. Macedo stated that a default investment option must be selected for auto-enrollment and that such selection is a fiduciary decision. Mr. Macedo also requested an update on the status of the legislation to give the Board authority to select plan auditors. Mr. Seemans stated that OST met with the AOA and agreed upon delaying discussions until next legislative session.

PUBLIC COMMENT

No member of the public was present for comment.

EXECUTIVE SESSION

No Executive Session was held.

NEXT MEETING

The next meeting of the Committee is scheduled for August 8, 2023.

The next meeting of the Board is scheduled for June 6, 2023.

ADJOURNMENT

Meeting was adjourned by Chair at 11:14 a.m.

Respectfully submitted,

Pete Kennedy, Chair for the Audit and Governance Committee